Sectors of the Indian Economy

Chapter 2 · Economics

Reading Guide · Glossary · Comprehension · Practice Questions · 10 Puzzles

NCERT Companion Workbook · Based on "Understanding Economic Development, NCERT Class X"

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Chapter Overview

This chapter classifies India's economic activities in three complementary ways: by the nature of the activity (primary, secondary, tertiary), by working conditions (organised versus unorganised), and by ownership (public versus private). It traces how the tertiary sector overtook agriculture in output while most workers remain stuck in low-productivity farm work, a mismatch the chapter calls underemployment. It closes by examining how government schemes and protections try to create more and fairer employment, especially for workers outside the organised sector.

Reading & Study Guide

Section	What to Focus On
Sectors of Economic Activities	Identify what distinguishes primary, secondary and tertiary activities from each other.
Comparing the Three Sectors	Work out why only final goods and services are counted toward GDP.
Rising Importance of the Tertiary Sector	Note the reasons the service sector's output share grew fastest in India.
Underemployment and Disguised Unemployment	Explain why extra farm workers can be removed without hurting output.
How to Create More Employment	List the kinds of government spending suggested for reducing underemployment.
Organised and Unorganised Sectors	Contrast the job security enjoyed by workers in each sector.
Public and Private Sectors	Explain why some activities are left to government rather than private firms.

Key Terms Glossary

Term	What It Means
PRIMARY	Sector producing goods directly from natural resources
SECONDARY	Sector that manufactures goods from raw materials
TERTIARY	Sector providing support services rather than physical goods
AGRICULTURE	Farming activity that forms the base of the primary sector
INDUSTRY	Manufacturing activity central to the secondary sector
SERVICE	Activity that aids production without making a physical

	good
INTERMEDIATE	A good used up in producing another good, not counted separately
FINAL	Goods and services that reach the consumer directly
DOMESTIC	Relating to production or trade within the country
EMPLOYMENT	State of having paid work
UNDEREMPLOYMENT	Working less than one's full potential though appearing occupied
DISGUISED	Hidden form of unemployment among apparently working people
ORGANISED	Sector with regulated, secure terms of employment
UNORGANISED	Sector with irregular, unprotected work arrangements
GRATUITY	Lump sum benefit paid to retiring organised sector workers
IRRIGATION	Artificial supply of water to farmland for cultivation
CREDIT	Borrowed funds used to support production activity
PROCUREMENT	Government purchase of crops at a guaranteed fair price
PUBLIC	Sector where government owns assets and delivers services
PRIVATE	Sector where individuals or companies own assets and profit
PROFIT	Motive driving private sector production decisions
TRANSPORT	Movement of goods and people, a key tertiary activity
WAGES	Payment received by workers for their labour
RURAL	Relating to villages and countryside areas
URBAN	Relating to towns and cities

Comprehension Questions

Q1. Explain the difference between primary, secondary and tertiary sectors using examples not given in the chapter.

Q2. Why are only final goods and services counted while calculating GDP?

Q3. Why has the tertiary sector's share of output grown faster than its share of employment in India?

Q4. What is disguised unemployment, and how does the example of a small farm illustrate it?

Q5. Distinguish between the organised and unorganised sectors using the working conditions of Kanta and Kamal.

Q6. Why does the government take responsibility for activities like building roads, dams and running schools rather than leaving them to private companies?

Short-Answer Practice (Worked Examples)

Q1. What are the three sectors based on the nature of economic activity?

Q2. Why is agriculture called the primary sector?

Q3. What is the key difference between organised and unorganised sector jobs?

Q4. Give one example each of a public sector and a private sector enterprise mentioned in the chapter.

Q5. Why does removing workers from Laxmi's small farm not reduce its output?

Q6. What was the main purpose of MGNREGA 2005?

Objective Practice

A. Multiple Choice Questions

Circle the correct option.

1. Cultivation of cotton belongs to the

a) primary sector

b) secondary sector

c) tertiary sector

d) public sector

2. Turning cotton fibre into cloth belongs to the

a) primary sector

b) secondary sector

c) tertiary sector

d) informal sector

3. GDP is the value of

a) all goods and services produced

b) only final goods and services produced

c) only intermediate goods produced

d) only exported goods

4. In 2017-18, the largest producing sector in India by GVA was the

a) primary sector

b) secondary sector

c) tertiary sector

d) public sector

5. Which sector continues to employ the largest share of India's workers?

a) Primary

b) Secondary

c) Tertiary

d) Public

6. Underemployment occurs when people are

a) unwilling to work

b) working less than their full potential

c) unemployed and jobless

d) working overtime

7. A worker with a regular salary, provident fund and paid leave is typically in the

a) unorganised sector

b) informal sector

c) organised sector

d) self-employed sector

8. Railways and the post office in India are examples of the

a) private sector

b) public sector

c) unorganised sector

d) informal sector

9. MGNREGA 2005 guaranteed rural households up to how many days of employment a year?

a) 50

b) 75

c) 100

d) 150

10. A dal mill set up to process farmers' pulses is an example of creating employment in

a) only urban centres

b) semi-rural areas

c) the public sector only

d) foreign countries

B. True or False

1. The secondary sector is also called the industrial sector.
2. Only intermediate goods are counted while calculating GDP.
3. Employment in the tertiary sector has grown at exactly the same pace as its output.
4. Disguised unemployment is also called hidden unemployment.
5. Workers in the unorganised sector generally enjoy job security and paid leave.
6. Ownership of assets is the basis for classifying an activity as public or private sector.
7. Cooperatives and self-help groups are examples of primary sector activity.

8. Government investment in irrigation and rural roads can help reduce underemployment.

C. Match the Following

Column A	Column B
1. Primary sector	a) Government owns assets and delivers services
2. Secondary sector	b) Transforms raw material into a manufactured good
3. Tertiary sector	c) Supports production without making a physical good
4. GDP	d) Scheme guaranteeing rural employment days
5. Organised sector	e) Total value of final goods and services produced in a year
6. Unorganised sector	f) Directly uses natural resources
7. Public sector	g) Small units largely outside government regulation
8. MGNREGA	h) Registered enterprises following labour laws

Higher-Order Thinking (HOTS) Questions

Q1. India's tertiary sector produces the largest share of national output, yet the primary sector still employs the most workers. Explain why this pattern is a policy concern.

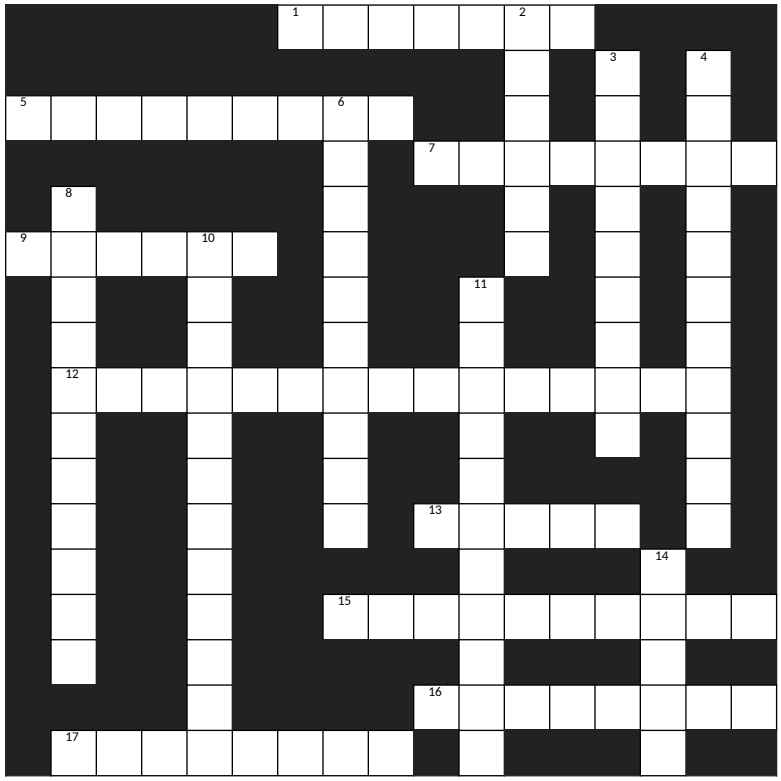
Q2. Suggest two concrete ways the government could reduce underemployment in agriculture, drawing on ideas from the chapter.

Q3. Why might workers prefer organised sector jobs even when unorganised sector wages are sometimes comparable in the short term?

Q4. A local government is deciding whether a new bridge should be built by a private company or by the government itself. Using ideas from the public-private sector discussion, explain the tradeoffs.

Puzzle Pack -- 10 Puzzles for This Chapter

1. Crossword



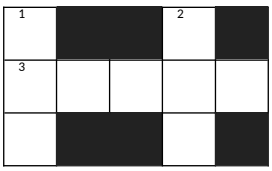
ACROSS

1. Activity that aids production without making a physical good
5. Sector with regulated, secure terms of employment
7. Manufacturing activity central to the secondary sector
9. Motive driving private sector production decisions
12. Working less than one's full potential though appearing occupied
13. Payment received by workers for their labour
15. Artificial supply of water to farmland for cultivation
16. Sector providing support services rather than physical goods
17. Relating to production or trade within the country

DOWN

2. Borrowed funds used to support production activity
3. Hidden form of unemployment among apparently working people
4. Farming activity that forms the base of the primary sector
6. State of having paid work
8. Government purchase of crops at a guaranteed fair price
10. A good used up in producing another good, not counted separately
11. Sector with irregular, unprotected work arrangements
14. Goods and services that reach the consumer directly

2. Mini Crossword



ACROSS

3. Relating to towns and cities

DOWN

1. Relating to villages and countryside areas
2. Payment received by workers for their labour

3. Word Search

T	N	C	R	E	D	I	T	C	I	L	B	U	P	E
R	N	C	Y	R	A	D	N	O	C	E	S	D	Y	P
O	I	N	T	E	R	M	E	D	I	A	T	E	T	R
P	Z	A	N	M	L	C	M	K	I	E	J	S	I	O
S	K	W	O	E	C	U	Y	F	N	R	Z	I	U	C
N	E	Y	I	M	Q	N	O	Y	D	U	C	U	T	U
A	T	R	T	P	O	O	L	R	U	T	I	G	A	R
R	A	A	A	L	R	R	P	A	S	L	T	S	R	E
T	V	M	G	O	G	G	M	I	T	U	S	I	G	M
W	I	I	I	Y	A	A	E	T	R	C	E	D	L	E
A	R	R	R	M	N	N	R	R	Y	I	M	G	A	N
G	P	P	R	E	I	I	E	E	Q	R	O	X	N	T
E	W	D	I	N	S	S	D	T	H	G	D	X	I	C
S	O	V	G	T	E	E	N	W	E	A	D	Z	F	S
U	R	B	A	N	D	D	U	S	E	R	V	I	C	E

Find: AGRICULTURE · CREDIT · DISGUISED · DOMESTIC · EMPLOYMENT · FINAL · GRATUITY · INDUSTRY · INTERMEDIATE · IRRIGATION · ORGANISED · PRIMARY · PRIVATE · PROCUREMENT · PUBLIC · SECONDARY · SERVICE · TERTIARY · TRANSPORT · UNDEREMPLOYMENT · UNORGANISED · URBAN · WAGES

4. Cryptogram

Each letter was replaced by another. Crack the code.

WOKSJYW BYO RYJFUOL IH BKSVXVSH, MJYD SOYZW, BAL MGJ JMAW SGOZ.

5. Caesar Coded Message

Every letter is shifted by the same amount. Find the shift.

AMKBWZA WN BPM QVLQIV MKWVWUG. AMKBWZA IZM OZWCXML JG IKBQDQBG, EWZS BMZUA, IVL EPW WEVA BPMU.

6. Word Scramble

Unscramble each set of letters using the clue.

1. UREALGRIUTC -- Farming activity that forms the base of the primary sector
2. NPEEMYMTOL -- State of having paid work
3. SRAOGDNIE -- Sector with regulated, secure terms of employment
4. IFNAL -- Goods and services that reach the consumer directly
5. TEYPNEDOEMNMRUL -- Working less than one's full potential though appearing occupied
6. AGWSE -- Payment received by workers for their labour
7. RICTDE -- Borrowed funds used to support production activity
8. CORPNEUERTM -- Government purchase of crops at a guaranteed fair price
9. RNADNSEIGUO -- Sector with irregular, unprotected work arrangements
10. DYEOANRSC -- Sector that manufactures goods from raw materials

7. Acrostic

The highlighted letters spell a theme.

T _ _ _ _ _ _ _ _ Sector providing support services rather than physical goods

E _ _ _ _ _ _ _ _ _ _ State of having paid work

R _ _ _ _ _ Relating to villages and countryside areas

T _ _ _ _ _ _ _ _ _ Movement of goods and people, a key tertiary activity

I _ _ _ _ _ _ _ _ Manufacturing activity central to the secondary sector

A _ _ _ _ _ _ _ _ _ _ _ Farming activity that forms the base of the primary sector

R _ _ _ _ _ _ _ Sector producing goods directly from natural resources

Y _ _ _ _ _ _ _ _ _ Sector that manufactures goods from raw materials

8. Match the Pairs

Match Column A with Column B.

Column A	Column B
A. IRRIGATION	1. Motive driving private sector production decisions
B. INDUSTRY	2. Relating to villages and countryside areas
C. UNDEREMPLOYMENT	3. Working less than one's full potential though appearing occupied
D. PROFIT	4. Borrowed funds used to support production activity
E. PUBLIC	5. Manufacturing activity central to the secondary sector
F. CREDIT	6. Relating to towns and cities
G. RURAL	7. Artificial supply of water to farmland for cultivation

H. URBAN	8. Sector where government owns assets and delivers services

9. Fill in the Blanks

Fill each blank.

1. When the government owns the assets and runs the service, it belongs to the _____ sector.
2. A good used up entirely in making another product is called an _____ good.
3. Farming and fishing belong to the _____ sector because they use natural resources directly.
4. Enterprises that follow government rules and give workers job security form the _____ sector.
5. Water supplied to farms artificially through canals or wells is called _____.
6. Banking, transport and trade are examples of the _____ sector.
7. Workers who appear busy but contribute little extra output suffer from _____.
8. Turning raw cotton into cloth is an activity of the _____ sector.

10. Odd One Out

Circle the item that does not belong.

1. Primary Tertiary Secondary Organised
2. Farmer Teacher Doctor Lawyer
3. Paid leave Job security No written contract Provident fund
4. Tata Steel Government schools Post office Railways